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Cocoa

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World Cocoa Situation

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WORLD COCOA BEAN STOCKS FORECAST TO INCREASE IN 1987

SUMMARY

World cocoa bean production for the 1986/87 October-September season is forecast at 1.97 million tons, slightly above the record levels of the preceding two marketing years. Larger crops are expected in Brazil, Malaysia, Ghana, and Cameroon, while smaller harvests are forecast for the Cote d'Ivoire and Nigeria.

World cocoa bean grindings continue to lag the expansion in production and stocks are expected to increase for the third consecutive year. A decline in global grind is anticipated for 1986 from the record 1985 level of 1.83 million tons. However, if 1986/87 production estimates are realized, grindings in 1987 could reach 1.85 million tons. World stocks are forecast to increase by 104,000 tons in 1987, following estimated increases of 134,000 and 113,000 tons in 1986 and 1985, respectively. World carryover stocks at the close of the 1986-87 season are estimated to approximate a 4-month supply, if current supply-demand forecasts are realized.

Cocoa bean prices trended downward during the first half of 1986, but strengthened during the third quarter on news of less favorable growing conditions in the Cote d'Ivoire and on the announcement of successful negotiations regarding a new International Cocoa Agreement (ICCA) that would include the Cote d'Ivoire. During January-September 1986, cocoa bean futures prices averaged \$1,977 per ton, compared with the 1985 annual average of \$2,172 and the 1984 level of \$2,342 per ton.

Producing and consuming member countries have reached an agreement on a new ICCA that would replace the 1980 ICCA that expired on September 30, 1986. The Cote d'Ivoire, the world's largest producer, has elected to join the new ICCA, but the United States, which is the largest consumer, decided not to become a member of the new pact.

NOTE: All tons are metric (2,204.6 lbs).

COCOA BEANS: PRODUCTION IN SPECIFIED COUNTRIES, 1981/82-1986/87 1/
(1,000 metric tons)

Region and country	1981/82	1982/83	1983/84	1984/85	1985/86	Forecast 1986/87
North America:						
Costa Rica.....	5.4	2.1	3.0	4.0	5.0	5.5
Cuba.....	2.0	2.0	2.5	3.0	3.5	4.0
Dominican Republic.....	42.7	43.3	42.0	39.2	37.0	40.0
Grenada.....	2.0	2.3	2.0	2.0	2.1	2.5
Guatemala.....	1.8	1.5	2.6	1.9	2.0	2.0
Haiti.....	2.5	4.0	3.0	3.8	3.0	3.0
Honduras.....	.5	.5	.5	1.1	1.5	1.5
Jamaica.....	1.4	2.8	2.8	2.5	2.5	2.5
Mexico.....	41.3	33.7	35.8	42.0	41.0	42.5
Nicaragua.....	.2	.2	.2	.2	.2	.2
Panama.....	.8	.8	.5	.5	.5	.5
Trinidad and Tobago.....	2.7	1.8	1.6	1.3	1.5	1.5
Other 2/.....	.2	.2	.2	.2	.2	.2
Total.....	103.5	95.2	96.7	101.7	100.0	105.9
South America:						
Bolivia.....	3.0	2.5	2.5	2.5	2.5	2.5
Brazil.....	315.0	339.0	309.0	415.0	395.0	400.0
Colombia.....	38.5	39.8	40.5	42.0	44.0	45.0
Ecuador.....	87.5	55.0	55.0	128.0	100.0	100.0
Peru.....	9.5	10.0	8.0	10.0	10.0	10.0
Suriname.....	.1	.1	.1	.1	.1	.1
Venezuela.....	14.8	14.8	12.2	10.5	11.1	11.5
Total.....	468.4	461.2	427.3	608.1	562.7	569.1
Africa:						
Angola.....	.2	.2	.2	.2	.2	.2
Cameroon.....	120.1	106.0	109.0	120.0	117.0	120.0
Comoro Islands.....	.1	.1	.1	.1	.1	.1
Congo.....	2.3	1.4	1.9	1.6	1.5	1.5
Cote d'Ivoire 3/.....	464.8	360.4	411.1	565.0	570.0	525.0
Equatorial Guinea.....	8.0	9.0	9.0	8.0	8.0	8.0
Gabon.....	2.9	2.5	1.6	1.5	2.0	2.0
Ghana.....	225.0	179.0	159.0	175.0	215.0	240.0
Liberia.....	5.5	5.2	6.0	6.3	6.0	6.0
Madagascar.....	1.8	2.3	2.5	2.5	2.5	2.5
Nigeria 4/.....	183.0	160.0	125.0	170.0	135.0	125.0
Sao Tome and Principe.....	5.1	4.7	3.4	3.5	4.0	4.0
Sierra Leone.....	9.3	9.1	7.6	11.0	10.0	10.0
Tanzania.....	1.2	1.3	1.3	1.0	1.0	1.0
Togo 3/.....	10.9	9.7	21.0	7.0	12.0	15.0
Uganda.....	.1	.1	.2	.3	.3	.3
Zaire.....	4.4	4.7	4.0	4.0	4.0	4.0
Total.....	1,044.7	855.7	862.9	1,077.0	1,088.6	1,064.6
Asia and Oceania:						
Fiji Islands.....	.2	.2	.3	.2	.2	.2
India.....	4.0	4.5	5.0	5.0	6.0	6.0
Indonesia.....	17.3	19.6	23.3	32.4	35.5	38.0
Malaysia.....	61.0	68.0	90.0	100.0	130.0	150.0
Papua New Guinea.....	28.5	28.5	28.2	30.0	30.9	30.0
Philippines.....	5.3	4.5	5.5	5.0	5.0	5.0
Solomon Islands.....	.8	.9	1.3	1.2	1.3	1.3
Sri Lanka.....	1.5	1.5	1.5	1.5	1.5	1.5
Vanuatu.....	.7	1.1	.9	.6	.9	.9
Western Samoa.....	.6	1.7	1.0	.7	1.0	1.0
Total.....	119.9	130.5	157.0	176.6	212.3	233.9
Grand total.....	1,736.6	1,542.6	1,543.9	1,963.4	1,963.6	1,973.5

1/ Estimates refer to an October-September crop year. 2/ Includes Dominica, St. Lucia, Guadeloupe, and Martinique. 3/ Includes some cocoa marketed from Ghana. 4/ Includes cocoa marketed through Benin.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of Agricultural Attaches and Foreign Service Officers, results of office research and related information.

WORLD COCOA BEAN SUPPLY-DEMAND AND APPARENT STOCK CHANGE, 1949/50-1986/87

Oct.-Sept. season	Production 1/		Grind 2/	Apparent stock change	New York	
	Gross	Net			: bean prices 3/ cents/lb	
	-----1,000 metric tons-----					
:						
1949/50.....:	768	760	789	-29	29.0	
1950/51.....:	806	798	756	+42	36.7	
1951/52.....:	647	641	726	-85	35.2	
1952/53.....:	809	801	809	-8	34.2	
1953/54.....:	786	778	744	+34	56.5	
1954/55.....:	786	778	731	+47	41.4	
1955/56.....:	836	828	837	-9	28.8	
1956/57.....:	898	889	919	-30	27.2	
1957/58.....:	761	753	858	-105	43.5	
1958/59.....:	899	890	874	+16	38.0	
1959/60.....:	1,043	1,033	931	+102	29.9	
1960/61.....:	1,164	1,152	1,026	+126	23.5	
1961/62.....:	1,125	1,114	1,120	-6	21.9	
1962/63.....:	1,162	1,150	1,154	-4	23.9	
1963/64.....:	1,239	1,227	1,194	+33	24.1	
1964/65.....:	1,491	1,476	1,340	+136	18.4	
1965/66.....:	1,220	1,208	1,388	-180	23.1	
1966/67.....:	1,336	1,323	1,386	-63	27.5	
1967/68.....:	1,352	1,338	1,410	-72	30.9	
1968/69.....:	1,236	1,224	1,353	-129	45.1	
1969/70.....:	1,423	1,409	1,355	+54	37.3	
1970/71.....:	1,493	1,478	1,438	+40	29.2	
1971/72.....:	1,572	1,556	1,567	-11	29.0	
1972/73.....:	1,406	1,392	1,551	-159	55.5	
1973/74.....:	1,458	1,443	1,489	-46	91.2	
1974/75.....:	1,542	1,527	1,471	+56	82.7	
1975/76.....:	1,511	1,496	1,536	-40	92.0	
1976/77.....:	1,346	1,333	1,389	-56	189.8	
1977/78.....:	1,512	1,497	1,412	+85	147.7	
1978/79.....:	1,506	1,491	1,470	+21	154.3	
1979/80.....:	1,668	1,651	1,510	+141	123.5	
1980/81.....:	1,694	1,677	1,599	+78	90.6	
1981/82.....:	1,737	1,720	1,607	+113	80.2	
1982/83.....:	1,543	1,528	1,652	-124	84.2	
1983/84.....:	1,544	1,529	1,750	-221	106.6	
1984/85.....:	1,963	1,943	1,830	+113	98.1	
1985/86.....:	1,964	1,944	1,810	+134	92.5	
1986/87 forecast:	1,974	1,954	1,850	+104	---	
:						

1/ FAS data. An adjustment of 1 percent for loss in weight is made to arrive at a net production figure. 2/ Gill & Duffus data. Calendar year grind, refers to last year of crop year. FAS data for last 2 years. 3/ Average for October-September year. Spot Accra prices through September 1977. Beginning October 1977, all price data refer to the average of the daily closing price of the nearest 3 active futures trading months on the New York market.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of Agricultural Attaches and Foreign Service Officers, results of office research and related information.

Cote d'Ivoire production is forecast to be lower because of less favorable growing conditions. Although rains have picked up during the last half of September, drier than usual weather during July and August in several major cocoa growing regions will likely result in a reduction in output this season. However, new plantings and young trees increasing in productivity are partially offsetting the effects of unfavorable weather. Producer prices for the 1986/87 season have been set at 400 CFA francs per kilogram, the same as that paid for the 1985/86 crop. (\$1.00=335 CFA francs)

Cocoa bean exports in 1985 totaled 419,342 tons, 6 percent below a year earlier. Major recipients of the 1985 cocoa bean exports were the Netherlands, 166,842 tons; the United States, 73,675; the USSR 51,072; West Germany, 41,314; France, 23,161; and the United Kingdom, 12,287 tons. Exports of cocoa products in 1985 continued strong with shipments of cocoa paste totaling 51,392 tons; cocoa butter, 23,987; chocolate, 7,891; and cocoa powder, 112 tons. Cocoa bean grindings by the local processing industry during 1985 continued to expand and were reported at 95,808 tons.

A further recovery in Ghana's production is anticipated this season. Higher producer prices have encouraged better cultural practices and also have reversed the trend of farmers diversifying from cocoa into food crop production. Grower prices were increased for the 1986 mid-crop to 2,550 cedis per 30 kilograms from 1,698 cedis paid for the 1985/86 main crop to compensate for the January devaluation of the cedi. Producer prices for the 1986/87 main crop are not anticipated to increase from the 2,550 cedi level. (\$1.00=90 cedis at the official rate, unofficially it is more than double this amount)

Although the 1986/87 main crop experienced low rainfall in May and June, the amount of moisture received was deemed adequate for good crop development. Spray materials are reported to be in plentiful supply and the rehabilitation of abandoned farms and the replanting of bush fire-destroyed areas continues. The Cocoa Board reported that 139,000 hectares were damaged by the 1983 fires and 61,000 hectares required replanting, with 70 percent already replanted by January 1986. The Government hopes to reach a production goal of 300,000 tons by 1990. This is nearly double the output nadir of 1983/84, but remains well below the average level of the 1960's and early 1970's.

Ghana: COCOA BEAN MAIN CROP PRODUCTION BY REGION

<u>Region</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>
-----Metric tons-----			
Ashanti	45,907	43,266	52,084
Brong Ahafo	29,070	27,906	35,390
Eastern	24,595	26,912	31,762
Central	13,213	17,781	25,665
Western	38,313	48,358	59,557
Volta	2,639	1,004	856
Total	153,737	165,227	205,314

Source: Ghana Cocoa Board.

Brazilian production for 1986/87 is forecast to be larger, reflecting favorable growing conditions for the 1986/87 Bahia main crop. Arrivals of the 1986 Bahia temporao crop were somewhat disappointing at 2,773,565 bags (166,414 tons), compared with the 1985 temporao arrivals of 3,125,909 bags (187,555 tons). Production from other Brazilian states in 1986 was estimated to have approximated 533,000 bags (32,000 tons).

Brazil's total area planted to cocoa is estimated at 655,000 hectares, with harvested area at 630,000 hectares. The current emphasis is on increasing yields through improved cultural practices rather than expanding area. Exports of cocoa beans and products during calendar year 1985 were valued at \$780 million, and accounted for 3 percent of Brazil's foreign exchange earnings.

Production in Ecuador is forecast to approximate the 1985/86 outturn of 100,000 tons. As in Brazil, the Government is promoting improved cultural practices rather than the expansion of new areas to cocoa. Cocoa bean exports in 1985 totaled 67,673 tons, of which 42,226 tons were to the United States, and chocolate liquor exports were 20,504 tons, with 13,405 tons going to the U.S. market.

The Nigerian government has abolished the Cocoa Marketing Board, thus permitting private traders to buy and export cocoa. This action will likely result in higher grower prices and reduced contraband movement to neighboring countries. Spray materials continue to be in tight supply and are priced at very high levels. The Government still will monitor the quality of cocoa shipments and provide fumigation at a fee charged to the exporter.

Nigerian exports of cocoa beans in 1985 totaled 92,891 tons, with 36,389 tons going to the United Kingdom; 16,937 to the Netherlands; 15,376 to the USSR; 11,079 to West Germany; and 7,850 tons to the United States. Cocoa butter exports were 11,216 tons; cocoa cake 10,292; and cocoa powder 1,760 tons. Most cocoa product exports are to the Netherlands and the United Kingdom.

A modest increase in Cameroon's production is forecast for 1986/87. Producer prices for grade 1 cocoa beans were set at 420 CFA francs per kilogram, the same as that paid growers for the 1985/86 harvest. (\$1.00=335 CFA francs)

Malaysian production is forecast at a record 150,000 tons, 15 percent greater than the 1985/86 outturn. Growing conditions have been favorable and farmers have been reasonably successful in controlling the cocoa pod borer. The total area planted to cocoa in 1986 was placed at 271,000 hectares --180,000 in Sabah, 75,000 in Peninsular Malaysia, and 16,000 hectares in Sarawak. Efforts are continuing to improve quality through a Government-sponsored grading system. Malaysian cocoa beans are usually traded at a discount on terminal markets because of their high acidity, higher shell content, and irregular and small size.

Malaysian cocoa bean exports in 1985 were 81,162 tons, with 39,894 tons going to Singapore and 24,193 tons to the Netherlands. Cocoa butter exports in 1985 totaled 9,030 tons and unsweetened cocoa powder 4,026 tons.

Indonesian production has rapidly expanded with 1986/87 output forecast to reach 38,000 tons, nearly double the 1982/83 level of 19,600 tons. The total area under cocoa in 1985 was placed at 78,386 hectares, compared with 42,969 hectares in 1981. Of this amount, state-owned estates had 27,845 hectares; private estates, 15,926; and smallholders, 36,615 hectares. The major producing areas are in East Java, North Sumatra, and Southeast Sulawesi.

In India, a new cocoa processing factory was inaugurated on September 1, 1986 with an installed capacity of 13,000 tons annually. The facility is owned by the Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd. and is located in South India, near Mangalore in Karnataka. The factory will produce cocoa and chocolate products for both domestic and export markets.

Indian cocoa bean production has been gradually increasing and is currently estimated at about 6,000 tons, with output projected to reach 10,000 tons by 1990. The major producing States are Karnataka and Kerala, where cocoa is intercropped with coconuts and arecanuts.

MAJOR IMPORTERS

U.S. cocoa bean grindings (excluding 1 major processor) during January-September 1986 totaled 117,038 tons, 6.3 percent below the corresponding 1985 period. Imports of cocoa beans, cocoa butter, sweetened cocoa powder, and chocolate confectionery also were lower according to January-August data. Imports of cocoa beans were off by nearly 28 percent, reflecting a sharp drop in shipments from the Cote d'Ivorie and Ecuador. However, imports from Ghana have more than doubled year earlier levels.

U.S. IMPORTS OF COCOA BEANS AND PRODUCTS, JANUARY-AUGUST 1985 AND 1986

Item	January-August				Percent change in volume
	1985	1986	MT	\$1000	
Cocoa beans.....	210,741	435,928	152,252	318,151	-27.7
Chocolate liquor.....	32,231	83,487	36,151	90,054	+12.2
Sweetened chocolate.....	29,150	56,971	32,457	64,664	+11.3
Cocoa butter.....	48,100	227,690	46,480	216,128	-5.1
Unsweetened powder/cake.	54,283	73,741	59,955	62,776	+10.4
Sweetened cocoa powder..	3,179	3,652	887	924	-72.1
Confectioners coatings..	1,807	2,605	2,818	3,790	+55.9
Chocolate confectionery.	16,072	44,672	12,429	47,044	-22.7
Total.....	395,563	928,746	343,429	803,531	-13.2

Source: U.S. Department of Commerce. All values are f.o.b. country of origin.

U.K. cocoa bean grindings during the first 3 quarters of 1986 were 63,195 tons, 11 percent lower than the January-September 1985 period. West German grindings for the same period totaled 146,873 tons, down 4 percent. In contrast, grindings in the Netherlands have continued strong. Grinding data for the USSR are not available, but imports of cocoa beans in 1985 totaled 154,868 tons, compared with 1984 imports of 149,984 tons and 162,279 tons in 1983.

COCOA BEAN GRINDINGS BY SPECIFIED COUNTRIES, BY QUARTERS, 1977-86
(Metric tons)

Quarter	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
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<u>United States</u>										
1st.....	56,473	42,048	40,572	33,478	48,358	47,729	45,883	42,416	38,970	1/ 33,761 1/
2nd.....	46,902	38,420	41,359	31,489	46,001	50,649	46,671	41,590	37,519	1/ 37,014 1/
3rd.....	40,914	36,923	41,401	34,877	48,761	50,068	47,825	40,904	40,549	1/ 42,264 1/
4th.....	39,463	45,269	36,970	42,368	47,059	50,680	53,231	39,532	36,873	1/ ---
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Total....	183,752	162,660	160,302	142,212	190,179	199,126	193,610	164,442	1/ 153,911	1/ ---
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<u>West Germany</u>										
1st.....	38,297	39,770	37,592	40,240	41,739	45,125	45,681	49,900	57,042	53,643
2nd.....	32,315	34,724	34,819	35,405	37,583	39,850	41,019	48,570	51,722	50,641
3rd.....	30,494	30,308	30,337	32,937	35,437	35,757	43,010	42,381	44,047	42,589
4th.....	41,187	38,847	39,506	42,635	44,681	46,311	49,752	52,617	53,995	---
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Total....	142,293	143,649	142,254	151,217	159,440	167,043	179,462	193,468	206,806	---
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<u>Netherlands</u>										
1st.....	34,940	33,990	35,390	35,080	36,040	38,440	40,510	44,350	44,633	46,200
2nd.....	31,980	31,480	29,280	31,370	34,290	34,930	37,890	39,970	41,690	45,050
3rd.....	26,610	26,680	29,760	29,510	32,650	33,670	35,170	34,960	36,970	40,290
4th.....	32,590	33,760	33,030	36,660	37,980	41,330	43,370	42,140	44,060	---
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Total....	126,120	125,910	127,460	132,620	140,960	148,370	156,940	161,420	167,353	---
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<u>United Kingdom</u>										
1st.....	22,000	21,010	17,700	15,500	21,400	25,335	19,825	22,338	26,547	21,109
2nd.....	20,500	19,000	15,900	16,100	21,300	21,079	18,144	21,864	24,435	21,998
3rd.....	16,400	15,900	12,300	15,500	20,200	19,594	17,434	21,120	19,981	20,088
4th.....	16,400	16,500	14,700	18,200	23,070	22,087	21,319	24,230	20,332	---
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Total....	75,300	72,410	60,600	65,300	85,970	88,095	76,722	89,552	91,295	---
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<u>France</u>										
1st.....	10,725	10,815	11,530	12,525	12,600	13,090	12,185	13,960	12,360	10,915
2nd.....	10,450	10,905	11,455	10,860	11,955	12,315	12,850	12,445	10,620	---
3rd.....	7,455	7,330	8,820	9,050	9,620	9,730	10,870	11,070	8,315	---
4th.....	7,685	10,940	11,365	10,690	12,860	10,410	11,725	9,695	11,190	---
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Total....	36,315	39,990	43,170	43,125	47,035	45,545	47,630	47,170	42,485	---
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<u>Belgium</u>										
1st.....	4,499	4,015	4,504	6,082	7,755	4,951	7,789	8,883	9,850	9,082
2nd.....	3,795	3,528	3,552	5,238	6,983	4,032	7,654	8,044	8,363	8,131
3rd.....	4,437	3,131	3,179	5,063	6,527	3,566	7,257	8,288	8,118	---
4th.....	4,111	4,723	5,312	6,341	7,529	5,060	10,112	10,435	9,828	---
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Total....	16,842	15,397	16,547	22,724	28,794	17,609	32,812	35,650	36,159	---
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<u>Switzerland</u>										
1st.....	4,407	3,699	3,096	5,300	4,748	4,548	5,568	5,560	6,440	5,381
2nd.....	3,648	3,830	3,930	3,927	2,932	4,307	4,548	4,548	4,435	4,046
3rd.....	4,305	3,409	2,862	3,774	4,683	3,980	3,818	4,724	4,541	---
4th.....	3,809	3,364	4,077	4,231	5,728	4,767	4,316	4,612	4,946	---
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Total....	16,169	14,302	13,965	17,232	18,091	17,602	18,250	19,444	20,362	---
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<u>Japan</u>										
1st.....	7,024	4,175	4,837	5,851	6,460	7,600	7,504	7,973	7,938	---
2nd.....	5,956	5,465	4,877	5,027	6,552	7,300	7,201	7,409	7,182	---
3rd.....	6,725	5,727	6,073	6,820	7,745	8,241	9,493	9,303	9,662	---
4th.....	6,014	5,764	6,598	7,059	8,354	8,979	9,324	9,387	9,368	---
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Total....	25,719	21,131	22,385	24,757	29,111	32,029	33,522	34,072	34,150	---
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<u>Canada</u>										
1st.....	3,483	2,801	2,871	3,432	4,541	4,114	4,027	4,827	5,301	5,190
2nd.....	2,888	2,373	2,231	3,076	3,366	3,698	3,889	5,261	5,166	4,957
3rd.....	2,011	2,164	1,913	2,411	3,246	2,907	3,337	5,586	4,538	---
4th.....	3,029	3,245	3,513	3,234	5,730	4,989	4,767	6,534	5,849	---
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Total....	11,411	10,583	10,528	12,153	16,883	15,708	16,020	22,208	20,854	---
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<u>Italy</u>										
1st.....	5,857	7,010	6,264	8,019	8,618	9,595	8,376	8,008	11,149	10,924
2nd.....	6,888	8,520	10,020	8,381	8,065	10,051	7,902	5,556	10,466	---
3rd.....	5,287	6,338	6,898	8,139	5,818	5,977	8,137	9,750	8,813	---
4th.....	8,334	8,191	10,425	9,254	12,639	13,593	11,990	16,500	17,020	---
<hr/>										
Total....	26,366	30,059	33,607	33,793	35,140	39,216	36,405	39,814	47,448	---
<hr/>										

^{1/} Incomplete data--grind excludes reporting by 1 major processor.

SOURCE: National statistics of the respective countries.

INTERNATIONAL COCOA AGREEMENT

At the Fifth Session of the United Nations Cocoa Conference held in Geneva during July, producers and consumers reached agreement on the principal elements of a new International Cocoa Agreement to replace the 1980

ICCA, which expired September 30, 1986. The new pact includes the Cote d'Ivoire, the world's largest producer, which did not join the 1980 Agreement--but not the United States, the world's largest consumer. Allowing for a 4-month transitional period--up to the end of January 1987, the new ICCA will be effective for 3 years. Then it may be extended for 2 years, and for another year, if a new Agreement has not been developed. Membership consisting of 80 percent of world exporters and 65 percent of importers was needed for the new ICCA to enter into force.

The cornerstone of the new ICCA is still a 250,000-ton capacity buffer stock (BS)--of which 100,000 tons of cocoa is to be carried over from the 1980 pact--re-inforced by a Withholding Scheme in case the BS is unable to maintain prices within the designated range. The BS will be financed by a \$45 per ton (2-cent/lb) levy, either on first time exports or imports by members. The new ICCA is also highlighted by the introduction of semi-automatic adjustment mechanisms and price reviews, which will enable it to be more flexible to cope with changing market conditions.

To allow for currency fluctuations, prices are to be based on SDR's (Special Drawing Rights). SDR's were established by the International Monetary Fund and are a basket of currencies consisting of the monetary units of the United States, the United Kingdom, Japan, West Germany, and France. The price range of the new ICCA will be as follows:

	<u>SDR's/ton</u>	<u>Approximate cents/lb</u>
Upper intervention price (must sell)	2,270	121
May sell price	2,215	118
Median price	1,935	103
May buy price	1,655	88
Lower intervention price (must buy)	1,600	85

Under an annual review, prices will be adjusted automatically by SDR 115/ton (6 cents/lb), up or down, if they breach mandatory intervention levels and if the BS Manager has bought or sold 75,000 tons of cocoa within a 6-month period.

The price of cocoa is to be determined by reference to a daily price and an indicator price expressed in SDR's per ton. The daily price refers to daily average quotes for cocoa beans of the nearest 3 active futures trading months on the London Cocoa Terminal Market and on the New York Coffee, Sugar, and Cocoa Exchange at the time of the London close. The indicator price refers to the average of the daily prices over a period of 10 consecutive market days.

The Withholding Scheme is a supplementary measure that can be implemented under the supervision of the BS Manager when either the indicator price is at or below the lower intervention price for 5 or more consecutive days, and when either 80 percent of the maximum capacity of the BS has been filled, or when

the net financial resources of the BS are only sufficient to purchase 30,000 tons of cocoa. Under this scheme, a maximum total of 120,000 tons may be withheld in tranches of 30,000 each. Each tranche withheld will be distributed among the exporting members, pro-rated as to the latest 3-year average of their annual exports. After the first tranche of 30,000 tons, further successive tranches are to be withheld whenever the indicator price is at or below the lower intervention price for a period of 20 or more consecutive market days.

The release of cocoa from this scheme would begin when the indicator price has been at or above the medium price for 10 consecutive market days. BS sales may not begin until all cocoa has been released from the Withholding Scheme.

At the 29th Session of the Cocoa Council held in September, the following provisional schedule of meetings was approved for the 1986/87 cocoa year:

December 1-5, 1986	Council Working Group on Buffer Stock Rules
	Statistics Committee
January 19-23, 1987	Council, Executive Committee and subsidiary bodies
March 4-13, 1987	Council, Executive Committee and subsidiary bodies
June 11-12, 1987	Executive Committee
September 2-11, 1987	Council, Executive Committee and subsidiary bodies

This circular was prepared by Rex E.T. Dull, Horticultural and Tropical Products Division, FAS, (202) 447-2974. For further information on production estimates, contact Frank Hokana, Foreign Production Estimates Division, FAS, (202) 382-8875.

U.S. SPOT COCOA PRICES FOR SELECTED ORIGINS OF COCOA BEANS AND PRODUCTS, 1982/83-1985/86
(Dollars per metric ton)

Crop Year	Cocoa Beans				Chocolate Liquor		Cocoa Butter		Cocoa Cake	
	Ivory Coast	Brazil	Dominican Republic	Ecuador	Ecuador	Brazil	African	Other	10-12% fat	
	:	:	:	:	:	:	:	:	:	
<u>1982/83</u>										
October.....:	1,733	1,620	1,527	1,534	1,850	1,997	3,783	3,691	502	
November.....:	1,555	1,526	1,388	1,427	1,682	1,843	3,515	3,434	480	
December.....:	1,678	1,671	1,501	1,539	1,901	2,047	3,794	3,704	538	
January.....:	1,860	1,857	1,660	1,700	2,091	2,270	4,138	4,035	595	
February.....:	2,032	2,026	1,815	1,873	2,299	2,470	4,453	4,357	651	
March.....:	1,953	1,940	1,724	1,779	2,173	2,351	4,135	4,030	721	
April.....:	1,978	1,951	1,756	1,821	2,205	2,378	4,129	4,014	831	
May.....:	2,162	2,131	1,939	2,022	2,453	2,608	4,513	4,395	961	
June.....:	2,387	2,347	2,147	2,265	2,792	2,875	4,927	4,806	1,099	
July.....:	2,382	2,348	2,150	2,269	2,821	2,876	4,877	4,744	1,207	
August.....:	2,395	2,355	2,152	2,264	2,808	2,887	4,809	4,706	1,475	
September....:	2,253	2,213	2,022	2,141	2,643	2,682	4,452	4,372	1,402	
:										
Average.....:	2,031	1,999	1,815	1,886	2,310	2,440	4,294	4,191	872	
:										
<u>1983/84</u>										
October.....:	2,218	2,162	1,975	2,101	2,600	2,622	4,358	4,255	1,345	
November.....:	2,239	2,306	2,118	2,262	2,680	2,801	4,721	4,595	1,402	
December.....:	2,688	2,671	2,476	2,631	3,280	3,280	5,511	5,369	1,694	
January.....:	2,779	2,791	2,556	2,750	3,355	3,387	5,610	5,386	1,906	
February.....:	2,692	2,703	2,480	2,686	3,150	3,234	5,422	5,230	1,808	
March.....:	2,718	2,717	2,490	2,614	3,151	3,280	5,681	5,743	1,780	
April.....:	2,692	2,715	2,471	2,556	3,128	3,253	5,592	5,469	1,738	
May.....:	2,836	2,894	2,623	2,688	3,319	3,500	5,883	5,773	1,850	
June.....:	2,598	2,716	2,375	2,456	3,027	3,192	5,307	5,236	1,644	
July.....:	2,357	2,473	2,136	2,219	2,765	2,878	4,877	4,806	1,412	
August.....:	2,436	2,542	2,252	2,322	2,846	2,922	5,085	5,008	1,358	
September....:	2,573	2,639	2,374	2,444	2,995	3,075	5,327	5,267	1,385	
:										
Average.....:	2,569	2,611	2,361	2,477	3,025	3,119	5,281	5,178	1,610	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
<u>1984/85</u>										
October.....:	2,430	2,562	2,219	2,282	2,873	2,965	5,211	5,166	1,269	
November.....:	2,457	2,620	2,246	2,307	2,862	2,997	5,270	5,227	1,254	
December.....:	2,317	2,489	2,163	2,185	2,706	2,857	5,152	5,107	1,110	
January.....:	2,313	2,389	2,173	2,191	2,758	2,924	5,471	5,414	993	
February.....:	2,342	2,400	2,194	2,236	2,816	2,955	5,695	5,612	887	
March.....:	2,398	2,428	2,292	2,297	2,887	3,021	5,603	5,551	881	
April.....:	2,496	2,434	2,349	2,407	2,856	2,975	5,531	5,454	920	
May.....:	2,438	2,349	2,209	2,268	2,720	2,834	5,139	5,065	865	
June.....:	2,412	2,223	2,044	2,137	2,626	2,755	4,970	4,917	813	
July.....:	2,483	2,271	2,126	2,149	2,720	2,855	5,148	5,095	808	
August.....:	2,532	2,327	2,130	2,172	2,766	2,905	5,315	5,268	798	
September....:	2,576	2,391	2,213	2,231	2,821	2,982	5,465	5,440	811	
:										
Average.....:	2,433	2,407	2,197	2,239	2,784	2,919	5,331	5,276	951	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
<u>1985/86</u>										
October.....:	2,547	2,406	2,208	2,221	2,796	2,974	5,431	5,389	866	
November.....:	2,446	2,340	2,132	2,133	2,706	2,866	5,277	5,244	845	
December.....:	2,522	2,452	2,250	2,249	2,830	2,977	5,541	5,504	874	
January.....:	2,455	2,387	2,215	2,219	2,761	2,942	5,374	5,345	850	
February.....:	2,334	2,274	2,111	2,133	2,604	2,788	5,066	5,040	790	
March.....:	2,208	2,167	1,999	2,038	2,479	2,674	4,823	4,792	776	
April.....:	2,067	2,035	1,866	1,890	2,319	2,500	4,520	4,477	754	
May.....:	2,012	1,961	1,766	1,801	2,225	2,399	4,341	4,294	739	
June.....:	2,032	1,958	1,756	1,805	2,236	2,411	4,350	4,307	746	
July.....:	2,196	2,097	1,904	1,960	2,440	2,598	4,712	4,660	821	
August.....:	2,203	2,127	1,940	1,985	2,491	2,642	4,744	4,679	873	
September....:	2,354	2,278	2,095	2,138	2,732	2,866	5,104	5,033	969	
:										
Average.....:	2,281	2,207	2,020	2,048	2,552	2,720	4,940	4,897	825	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	

SOURCE: The Cocoa Merchants Association. All prices are nominal and are net ex-dock or ex-warehouse, U.S. eastern seaboard north of Hatteras, for merchandise physically available in interstate commerce, in truckload quantities, and in regular commercial quality.

NEW YORK COCOA BEAN FUTURES PRICES, 1965-86 1/
(In cents per pound)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Average
1965.....	20.8	18.7	15.7	15.3	14.4	12.7	11.3	14.3	16.1	16.4	17.6	20.4	16.1
1966.....	21.3	21.1	21.8	23.3	22.8	23.4	25.8	25.7	22.3	22.6	21.9	24.5	23.0
1967.....	25.5	27.0	26.3	25.2	25.2	25.6	24.8	25.8	27.4	26.6	28.2	28.3	26.3
1968.....	28.8	27.3	27.3	27.6	27.2	26.7	27.2	28.6	34.2	36.5	42.3	44.7	31.5
1969.....	40.5	39.3	38.7	38.1	37.9	39.0	41.2	39.9	39.3	40.5	41.8	38.4	39.6
1970.....	33.4	29.5	29.6	28.8	26.2	25.7	27.7	32.7	33.1	31.4	29.6	28.6	29.7
1971.....	23.6	24.7	24.0	24.3	22.7	24.0	25.7	26.4	24.4	22.2	21.7	21.4	23.8
1972.....	23.8	24.5	25.9	26.0	27.4	27.3	28.9	30.3	32.2	32.7	32.1	32.7	28.7
1973.....	31.9	33.7	37.8	42.0	51.3	52.7	70.0	64.4	59.8	57.3	51.8	51.8	50.4
1974.....	51.3	60.0	70.4	85.5	86.4	75.4	79.6	79.0	80.0	82.6	76.0	64.9	74.3
1975.....	64.4	66.6	62.6	54.9	47.9	44.0	53.6	53.5	54.2	56.0	56.0	60.4	56.2
1976.....	63.0	65.7	65.6	75.9	82.7	89.8	90.3	97.3	110.7	117.7	135.3	137.0	94.3
1977.....	154.4	172.8	183.4	162.2	170.0	195.1	200.9	179.7	177.8	159.5	160.3	148.3	172.0
1978.....	131.2	128.9	153.9	153.5	140.6	134.6	142.6	150.8	168.6	170.3	179.6	175.2	152.5
1979.....	162.8	155.6	149.0	142.5	147.4	152.1	139.6	135.8	141.4	134.8	131.4	139.3	144.3
1980.....	139.1	142.4	136.0	127.9	113.5	108.6	106.2	99.3	103.6	100.9	93.7	91.2	113.5
1981.....	92.1	88.8	92.5	91.6	82.6	69.6	88.0	96.5	100.6	94.8	88.3	91.7	89.8
1982.....	95.6	89.6	83.8	75.2	73.3	66.2	66.1	66.0	71.6	70.8	64.8	69.6	74.4
1983.....	77.6	83.9	80.1	81.4	89.8	99.8	99.6	99.7	93.0	91.3	97.1	112.0	92.1
1984.....	115.2	110.8	113.0	112.8	118.8	108.2	97.1	98.6	104.3	99.8	100.6	95.5	106.2
1985.....	98.3	100.0	98.9	101.6	96.1	91.5	95.7	98.2	101.3	102.5	97.9	102.0	98.7
1986.....	100.6	95.5	91.0	84.9	81.4	81.4	87.6	89.1	95.6	—	—	—	—

1/ Average of the daily closing price of the nearest three active futures trading months on the New York market.

SOURCE: Coffee, Sugar & Cocoa Exchange, Inc.

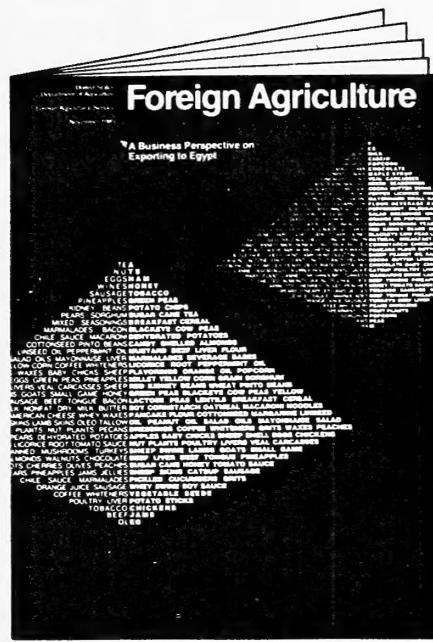
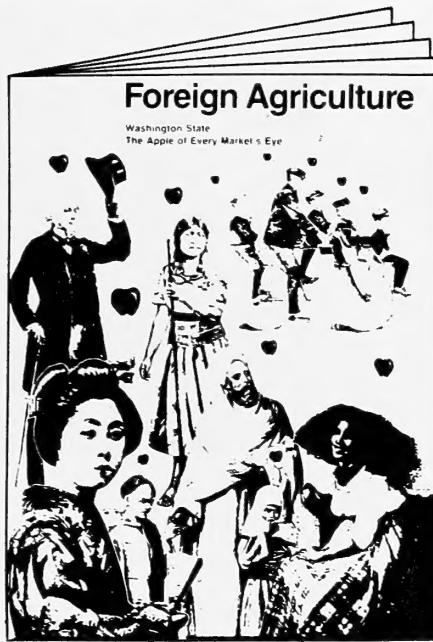
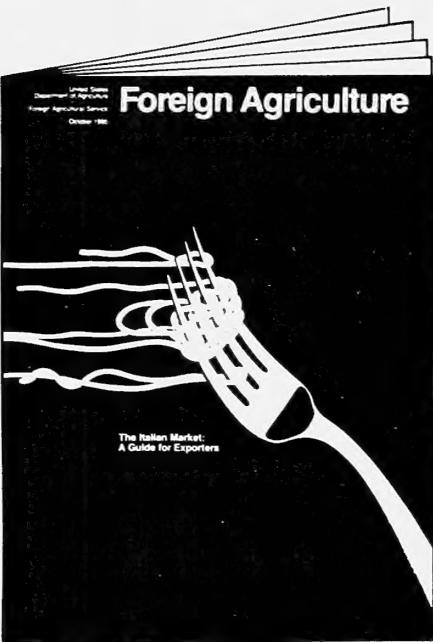
NEW YORK COCOA BEAN FUTURES PRICES, 1965-86 1/
(Dollars per metric ton)

Item	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
1965.....:	459	412	346	337	317	280	249	315	355	362	388	450	355
1966.....:	470	465	481	514	503	516	569	567	492	498	483	540	508
1967.....:	562	595	580	556	564	547	569	604	586	622	624	580	580
1968.....:	635	602	608	600	589	600	631	754	805	933	985	695	695
1969.....:	893	866	853	840	836	860	908	880	866	893	922	847	872
1970.....:	736	650	653	635	578	567	611	721	730	692	653	631	655
1971.....:	520	545	529	536	500	529	567	582	538	489	478	472	524
1972.....:	525	540	571	573	604	602	637	668	710	721	708	721	633
1973.....:	703	743	833	926	1,131	1,162	1,543	1,420	1,318	1,263	1,142	1,142	1,111
1974.....:	1,131	1,323	1,552	1,885	1,905	1,662	1,755	1,742	1,764	1,821	1,675	1,431	1,637
1975.....:	1,420	1,468	1,380	1,210	1,056	970	1,182	1,179	1,195	1,235	1,235	1,332	1,239
1976.....:	1,389	1,448	1,446	1,673	1,823	1,980	1,991	2,145	2,440	2,595	2,983	3,020	2,078
1977.....:	3,404	3,810	4,043	3,576	3,748	4,301	4,429	3,962	3,920	3,516	3,534	3,269	3,792
1978.....:	2,892	2,842	3,393	3,384	3,100	2,967	3,144	3,325	3,717	3,754	3,959	3,862	3,362
1979.....:	3,589	3,430	3,285	3,142	3,250	3,353	3,078	2,994	3,117	2,972	2,897	3,071	3,181
1980.....:	3,067	3,139	2,998	2,820	2,502	2,394	2,341	2,189	2,284	2,224	2,066	2,011	2,502
1981.....:	2,030	1,958	2,039	2,019	1,821	1,534	1,940	2,127	2,218	2,090	1,947	2,022	1,979
1982.....:	2,108	1,975	1,847	1,658	1,616	1,459	1,457	1,455	1,578	1,561	1,429	1,534	1,640
1983.....:	1,711	1,850	1,766	1,795	1,980	2,200	2,196	2,198	2,050	2,013	2,141	2,469	2,030
1984.....:	2,539	2,443	2,491	2,487	2,619	2,385	2,141	2,173	2,300	2,200	2,218	2,105	2,342
1985.....:	2,130	2,205	2,180	2,239	2,118	2,017	2,110	2,165	2,233	2,259	2,158	2,249	2,172
1986.....:	2,218	2,105	2,006	1,873	1,795	1,795	1,931	1,964	2,108	—	—	—	—

^{1/} Average of the daily closing price of the nearest three active futures trading months on the New York market.

SOURCE: Coffee, Sugar and Cocoa Exchange, Inc.

October 1986



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